

LOCAL OPTION SALES TAX AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joseph Ellison

Senate Sponsor: _____

LONG TITLE**General Description:**

This bill modifies provisions related to local option sales and use taxes.

Highlighted Provisions:

This bill:

- defines terms;
- allows certain local governments to impose a sales and use tax for purposes of funding emergency services;
- establishes requirements for a local government to impose the tax, dependent on the rate imposed;
- addresses the administration, collection, and distribution of tax revenue;
- allows the State Tax Commission to retain an administrative charge from collected tax revenue;
- repeals provisions allowing certain counties to impose a rural county health care facilities tax to fund emergency medical services; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

17D-1-103, as last amended by Laws of Utah 2023, Chapter 15

59-12-801 (Superseded 07/01/24), as last amended by Laws of Utah 2023, Chapters

92, 329

59-12-801 (Effective 07/01/24), as last amended by Laws of Utah 2023, Chapters 92,

310 and 329

59-12-802, as last amended by Laws of Utah 2023, Chapters 92, 471

ENACTS:

59-12-2401, Utah Code Annotated 1953

59-12-2402, Utah Code Annotated 1953

59-12-2403, Utah Code Annotated 1953

59-12-2404, Utah Code Annotated 1953

59-12-2405, Utah Code Annotated 1953

59-12-2406, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **17D-1-103** is amended to read:

17D-1-103. Special service district status, powers, and duties -- Registration as a limited purpose entity -- Limitation on districts providing jail service.

(1) A special service district:

(a) is:

(i) a body corporate and politic with perpetual succession, separate and distinct from the county or municipality that creates it;

(ii) a quasi-municipal corporation; and

(iii) a political subdivision of the state; and

(b) may sue and be sued.

(2) A special service district may:

(a) exercise the power of eminent domain possessed by the county or municipality that creates the special service district;

(b) enter into a contract that the governing authority considers desirable to carry out special service district functions, including a contract:

(i) with the United States or an agency of the United States, the state, an institution of higher education, a county, a municipality, a school district, a special district, another special service district, or any other political subdivision of the state; or

(ii) that includes provisions concerning the use, operation, and maintenance of special service district facilities and the collection of fees or charges with respect to commodities, services, or facilities that the district provides;

(c) acquire or construct facilities;

(d) acquire real or personal property, or an interest in real or personal property, including water and water rights, whether by purchase, lease, gift, devise, bequest, or otherwise, and whether the property is located inside or outside the special service district, and own, hold, improve, use, finance, or otherwise deal in and with the property or property right;

(e) sell, convey, lease, exchange, transfer, or otherwise dispose of all or any part of the special service district's property or assets, including water and water rights;

(f) mortgage, pledge, or otherwise encumber all or any part of the special service district's property or assets, including water and water rights;

(g) enter into a contract with respect to the use, operation, or maintenance of all or any part of the special service district's property or assets, including water and water rights;

(h) accept a government grant or loan and comply with the conditions of the grant or loan;

(i) use an officer, employee, property, equipment, office, or facility of the county or municipality that created the special service district, subject to reimbursement as provided in Subsection (4);

(j) employ one or more officers, employees, or agents, including one or more engineers, accountants, attorneys, or financial consultants, and establish their compensation;

(k) designate an assessment area and levy an assessment as provided in Title 11, Chapter 42, Assessment Area Act;

(l) contract with a franchised, certificated public utility for the construction and operation of an electrical service distribution system within the special service district;

(m) borrow money and incur indebtedness;

(n) as provided in Part 5, Special Service District Bonds, issue bonds for the purpose of acquiring, constructing, and equipping any of the facilities required for the services the special

service district is authorized to provide, including:

(i) bonds payable in whole or in part from taxes levied on the taxable property in the special service district;

(ii) bonds payable from revenues derived from the operation of revenue-producing facilities of the special service district;

(iii) bonds payable from both taxes and revenues;

(iv) guaranteed bonds, payable in whole or in part from taxes levied on the taxable property in the special service district;

(v) tax anticipation notes;

(vi) bond anticipation notes;

(vii) refunding bonds;

(viii) special assessment bonds; and

(ix) bonds payable in whole or in part from mineral lease payments as provided in Section 11-14-308;

(o) except as provided in Subsection (5), impose fees or charges or both for commodities, services, or facilities that the special service district provides;

(p) provide to an area outside the special service district's boundary, whether inside or outside the state, a service that the special service district is authorized to provide within its boundary, if the governing body makes a finding that there is a public benefit to providing the service to the area outside the special service district's boundary;

(q) provide other services that the governing body determines will more effectively carry out the purposes of the special service district; ~~and~~

(r) adopt an official seal for the special service district~~[-]; and~~

(s) if authorized, impose an emergency services tax under Title 59, Chapter 12, Part 24, Emergency Services Tax.

(3) (a) Each special service district shall register and maintain the special service district's registration as a limited purpose entity, in accordance with Section 67-1a-15.

(b) A special service district that fails to comply with Subsection (3)(a) or Section 67-1a-15 is subject to enforcement by the state auditor, in accordance with Section 67-3-1.

(4) Each special service district that uses an officer, employee, property, equipment, office, or facility of the county or municipality that created the special service district shall

reimburse the county or municipality a reasonable amount for what the special service district uses.

(5) (a) A special service district that provides jail service as provided in Subsection 17D-1-201(10) may not impose a fee or charge for the service it provides.

(b) Subsection (5)(a) may not be construed to limit a special service district that provides jail service from:

(i) entering into a contract with the federal government, the state, or a political subdivision of the state to provide jail service for compensation; or

(ii) receiving compensation for jail service it provides under a contract described in Subsection (5)(b)(i).

Section 2. Section **59-12-801 (Superseded 07/01/24)** is amended to read:

59-12-801 (Superseded 07/01/24). Definitions.

As used in this part:

~~[(1) "Affected area" means the portion of a county in which a tax is imposed under Subsection 59-12-802(4).]~~

~~[(2)]~~ (1) "Emergency medical services" means the same as that term is defined in Section 26B-4-101.

~~[(3)]~~ (2) "Federally qualified health center" means the same as that term is defined in 42 U.S.C. Sec. 1395x.

~~[(4)]~~ (3) "Freestanding urgent care center" means a facility that provides outpatient health care service:

(a) on an as-needed basis, without an appointment;

(b) to the public;

(c) for the diagnosis and treatment of a medical condition if that medical condition does not require hospitalization or emergency intervention for a life threatening or potentially permanently disabling condition; and

(d) including one or more of the following services:

(i) a medical history physical examination;

(ii) an assessment of health status; or

(iii) treatment:

(A) for a variety of medical conditions; and

(B) that is commonly offered in a physician's office.

~~[(5) "Municipality" means a city or town.]~~

~~[(6)]~~ (4) "Nursing care facility" means the same as that term is defined in Section 26B-2-201.

~~[(7) "Political subdivision" means a county, municipality, special district, or special service district.]~~

~~[(8)]~~ (5) "Rural city hospital" means a hospital owned by a city that is located within a third, fourth, fifth, or sixth class county.

~~[(9)]~~ (6) "Rural county health care facility" means a:

(a) rural county hospital; or

(b) rural county nursing care facility.

~~[(10)]~~ (7) "Rural county hospital" means a hospital owned by a county that is:

(a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and

(b) located outside of a standard metropolitan statistical area, as designated by the United States Bureau of the Census.

~~[(11)]~~ (8) "Rural county nursing care facility" means a nursing care facility owned by:

(a) a county that is:

(i) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and

(ii) located outside of a standard metropolitan statistical area, as designated by the United States Census Bureau; or

(b) a special service district if the special service district is:

(i) created for the purpose of operating the nursing care facility; and

(ii) within a county that is:

(A) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and

(B) located outside of a standard metropolitan statistical area, as designated by the United States Census Bureau.

~~[(12)]~~ (9) "Rural emergency medical services" means emergency medical services that are provided by a county that is:

(a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and

(b) located outside of a standard metropolitan statistical area, as designated by the United States Census Bureau.

183 ~~[(13)]~~ (10) "Rural health clinic" means the same as that term is defined in 42 U.S.C.
184 Sec. 1395x.

185 Section 3. Section **59-12-801 (Effective 07/01/24)** is amended to read:

186 **59-12-801 (Effective 07/01/24). Definitions.**

187 As used in this part:

188 ~~[(1) "Affected area" means the portion of a county in which a tax is imposed under~~
189 ~~Subsection 59-12-802(4).]~~

190 ~~[(2)]~~ (1) "Emergency medical services" means the same as that term is defined in
191 Section ~~53-2d-101~~.

192 ~~[(3)]~~ (2) "Federally qualified health center" means the same as that term is defined in
193 42 U.S.C. Sec. 1395x.

194 ~~[(4)]~~ (3) "Freestanding urgent care center" means a facility that provides outpatient
195 health care service:

196 (a) on an as-needed basis, without an appointment;

197 (b) to the public;

198 (c) for the diagnosis and treatment of a medical condition if that medical condition
199 does not require hospitalization or emergency intervention for a life threatening or potentially
200 permanently disabling condition; and

201 (d) including one or more of the following services:

202 (i) a medical history physical examination;

203 (ii) an assessment of health status; or

204 (iii) treatment:

205 (A) for a variety of medical conditions; and

206 (B) that is commonly offered in a physician's office.

207 ~~[(5) "Municipality" means a city or town.]~~

208 ~~[(6)]~~ (4) "Nursing care facility" means the same as that term is defined in Section
209 ~~26B-2-201~~.

210 ~~[(7) "Political subdivision" means a county, municipality, local district, or special~~
211 ~~service district.]~~

212 ~~[(8)]~~ (5) "Rural city hospital" means a hospital owned by a city that is located within a
213 third, fourth, fifth, or sixth class county.

214 [(9)] (6) "Rural county health care facility" means a:

- 215 (a) rural county hospital; or
216 (b) rural county nursing care facility.

217 [(10)] (7) "Rural county hospital" means a hospital owned by a county that is:

- 218 (a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and
219 (b) located outside of a standard metropolitan statistical area, as designated by the

220 United States Bureau of the Census.

221 [(11)] (8) "Rural county nursing care facility" means a nursing care facility owned by:

222 (a) a county that is:

- 223 (i) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and
224 (ii) located outside of a standard metropolitan statistical area, as designated by the

225 United States Census Bureau; or

226 (b) a special service district if the special service district is:

- 227 (i) created for the purpose of operating the nursing care facility; and
228 (ii) within a county that is:

229 (A) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and

230 (B) located outside of a standard metropolitan statistical area, as designated by the

231 United States Census Bureau.

232 [(12)] (9) "Rural emergency medical services" means emergency medical services that
233 are provided by a county that is:

- 234 (a) a third, fourth, fifth, or sixth class county, as defined in Section 17-50-501; and
235 (b) located outside of a standard metropolitan statistical area, as designated by the

236 United States Census Bureau.

237 [(13)] (10) "Rural health clinic" means the same as that term is defined in 42 U.S.C.
238 Sec. 1395x.

239 Section 4. Section 59-12-802 is amended to read:

240 **59-12-802. Imposition of rural county health care facilities tax -- Expenditure of**
241 **tax revenue -- Base -- Rate -- Administration, collection, and enforcement of tax --**
242 **Administrative charge.**

243 (1) (a) A county legislative body of ~~[the following counties]~~ a county of the third,
244 fourth, fifth, or sixth class may impose a sales and use tax of up to 1% on the transactions

described in Subsection 59-12-103(1) located within the county[:].

~~[(i) a county of the third, fourth, fifth, or sixth class; or]~~

~~[(ii) a county of the second class that has:]~~

~~[(A) a national park within or partially within the county's boundaries; and]~~

~~[(B) two or more state parks within or partially within the county's boundaries.]~~

(b) Subject to Subsection (3), the money collected from a tax under this section may be used to fund:

~~[(i) for a county described in Subsection (1)(a)(i):]~~

~~[(A)]~~ (i) rural emergency medical services in that county;

~~[(B)]~~ (ii) federally qualified health centers in that county;

~~[(C)]~~ (iii) freestanding urgent care centers in that county;

~~[(D)]~~ (iv) rural county health care facilities in that county;

~~[(E)]~~ (v) rural health clinics in that county; or

~~[(F)]~~ (vi) a combination of Subsections ~~[(1)(b)(i)(A)]~~ (1)(b)(i) through ~~[(E); and]~~ (v).

~~[(ii) for a county described in Subsection (1)(a)(ii), emergency medical services that are provided by a political subdivision within that county, subject to Subsection (4)(c).]~~

(c) Notwithstanding Subsection (1)(a), a county legislative body may not impose a tax under this section on:

(i) the sales and uses described in Section 59-12-104 to the extent the sales and uses are exempt from taxation under Section 59-12-104;

(ii) a transaction to the extent a rural city hospital tax is imposed on that transaction in a city that imposes a tax under Section 59-12-804; and

(iii) except as provided in Subsection (1)(e), amounts paid or charged for food and food ingredients.

(d) For purposes of this Subsection (1), the location of a transaction shall be determined in accordance with Sections 59-12-211 through 59-12-215.

(e) A county legislative body imposing a tax under this section shall impose the tax on the purchase price or sales price for amounts paid or charged for food and food ingredients if the food and food ingredients are sold as part of a bundled transaction attributable to food and food ingredients and tangible personal property other than food and food ingredients.

(2) (a) ~~[Except as provided in Subsection (4)(b), before]~~ Before imposing a tax under

Subsection (1), a county legislative body shall obtain approval to impose the tax from a majority of the:

(i) members of the county's legislative body; and

(ii) county's registered voters voting on the imposition of the tax.

(b) The county legislative body shall conduct the election according to the procedures and requirements of Title 11, Chapter 14, Local Government Bonding Act.

(3) The money collected from a tax imposed under Subsection (1) may only be used to fund:

~~[(a) for a county described in Subsection (1)(a)(i):]~~

~~[(i) (a) ongoing operating expenses of a center, clinic, or facility described in Subsection (1)(b)(i) (1)(b) within that county;~~

~~[(ii) (b) the acquisition of land for a center, clinic, or facility described in Subsection (1)(b)(i) (1)(b) within that county;~~

~~[(iii) (c) the design, construction, equipping, or furnishing of a center, clinic, or facility described in Subsection (1)(b)(i) (1)(b) within that county; or~~

~~[(iv) (d) rural emergency medical services within that county; and]~~

~~[(b) for a county described in Subsection (1)(a)(ii), emergency medical services that are provided by a political subdivision within that county, subject to Subsection (4)(c).]~~

~~[(4) (a) A county described in Subsection (1)(a)(ii) may impose a tax under this section within a portion of the county if the affected area includes:]~~

~~[(i) the entire unincorporated area of the county; and]~~

~~[(ii) the entire boundaries of any municipality located within the affected area.]~~

~~[(b) Before a county described in Subsection (1)(a)(ii) may impose a tax under this section within a portion of the county, the county legislative body shall obtain approval to impose the tax from a majority of:]~~

~~[(i) the members of the county's legislative body;~~

~~[(ii) the county's registered voters within the affected area voting on the imposition of the tax, in an election conducted according to the procedures and requirements of Title 11, Chapter 14, Local Government Bonding Act; and]~~

~~[(iii) (A) the members of the legislative body of each municipality located within the affected area; or]~~

~~[(B) the members of the governing body of a special service district established under Title 17D, Chapter 1, Special Service District Act, to provide emergency medical services within the affected area.]~~

~~[(c) A county described in Subsection (1)(a)(ii) that imposes a tax under this section within a portion of the county in accordance with this Subsection (4) may use the money collected from the tax to fund emergency medical services that are provided by a political subdivision within the affected area.]~~

~~[(5)]~~ (4) (a) A tax under this section shall be:

(i) except as provided in Subsection ~~[(5)(b)]~~ (4)(b), administered, collected, and enforced in accordance with:

(A) the same procedures used to administer, collect, and enforce the tax under:

(I) Part 1, Tax Collection; or

(II) Part 2, Local Sales and Use Tax Act; and

(B) Chapter 1, General Taxation Policies; and

(ii) levied for a period of 10 years and may be reauthorized at the end of the ten-year period by the county legislative body as provided in Subsection (1).

(b) A tax under this section is not subject to Subsections 59-12-205(2) through (5).

(c) A county legislative body shall distribute money collected from a tax under this section quarterly.

~~[(6)]~~ (5) The commission shall retain and deposit an administrative charge in accordance with Section 59-1-306 from the revenue the commission collects from a tax under this section.

Section 5. Section 59-12-2401 is enacted to read:

Part 24. Emergency Services Tax

59-12-2401. Definitions.

As used in this part:

(1) "Emergency services" means:

(a) emergency medical services as defined in Section 53-2d-101;

(b) fire protection services; or

(c) a combination of emergency medical services, as defined in Section 53-2d-101, and fire protection services.

(2) "Emergency services tax" means the sales and use tax authorized under Section [59-12-2402](#).

(3) "Governing body" means:

(a) for a county, city, or town, the legislative body of the county, city, or town; or

(b) for a special service district:

(i) the legislative body of the county, city, or town that established the special service district, if no administrative control board has been created under Section [17D-1-301](#); or

(ii) the administrative control board of the special service district, if an administrative control board has been created under Section [17D-1-301](#).

(4) "Qualifying political subdivision" means:

(a) a specified county;

(b) a special service district established under Title 17D, Chapter 1, Special Service District Act, to provide emergency services within a specified county; or

(c) a city or town that:

(i) is located:

(A) within a specified county; and

(B) outside the boundaries of a special service district described in Subsection (4)(b);

and

(ii) provides, or contracts with a special service district described in Subsection (4)(b) to receive, emergency services within the city or town.

(5) "Specified county" means a county of the second class that contains a national park and two or more state parks within or partially within the county's boundaries.

Section 6. Section **59-12-2402** is enacted to read:

**[59-12-2402](#). Imposition of emergency services tax -- Permitted rates --
Expenditure and distribution of tax revenue -- Administration, collection, and
enforcement of tax -- Administrative charge.**

(1) (a) Beginning July 1, 2024, the governing body of a qualifying political subdivision may, subject to Subsection (1)(b), impose a sales and use tax on the transactions described in Subsection [59-12-103](#)(1) in the following amount:

(i) an amount of up to .33% if the governing body:

(A) first holds a public hearing at which the tax is discussed, subject to Subsection (2);

and

(B) after the public hearing is held, passes an ordinance or resolution approving the tax; or

(ii) an amount of up to 1% if the governing body obtains approval to impose the tax from a majority of:

(A) the members of the governing body; and

(B) voters within the qualifying political subdivision voting in an election held for that purpose in accordance with Title 11, Chapter 14, Local Government Bonding Act.

(b) (i) A tax imposed by a county under Subsection (1)(a) shall be imposed within all unincorporated areas of the county.

(ii) A tax imposed by a special service district under Subsection (1)(a) shall be imposed within the boundaries of each city and town located within the area of the special service district.

(iii) A tax may not be imposed under this section within:

(A) a portion of a city, town, or the unincorporated area of a county; or

(B) an area in which a tax under this section has already been imposed.

(c) Notwithstanding Subsection (1)(a), a qualifying political subdivision may not impose a tax under this section on:

(i) the sales and uses described in Section 59-12-104 to the extent the sales and uses are exempt from taxation under Section 59-12-104; and

(ii) except as provided in Subsection (1)(e), amounts paid or charged for food and food ingredients.

(d) For purposes of this Subsection (1), the location of a transaction shall be determined in accordance with Sections 59-12-211 through 59-12-215.

(e) A qualifying political subdivision that imposes a tax under this section shall impose the tax on the purchase price or sales price for amounts paid or charged for food and food ingredients if the food and food ingredients are sold as part of a bundled transaction attributable to food and food ingredients and tangible personal property other than food and food ingredients.

(2) (a) The governing body of a qualifying political subdivision proposing a tax rate described in Subsection (1)(a)(i) shall, as a class A notice under Section 63G-30-102, publish

notice of the public hearing required by Subsection (1)(a)(i)(A) for at least 14 days before the day of the public hearing.

(b) The notice described in Subsection (2)(a) shall:

(i) state the governing body's intent to adopt a tax under this section;

(ii) describe the proposed tax rate;

(iii) specify the date, time, and location of the public hearing; and

(iv) state that the purpose of the public hearing is to obtain public comments regarding the proposed tax.

(3) For a county proposing a tax rate described in Subsection (1)(a)(ii), the voter approval requirement in Subsection (1)(a)(ii)(B) applies only to voters residing within the unincorporated areas of the county.

(4) (a) Subject to Subsection (4)(b), a qualifying political subdivision may use money collected from a tax imposed under this section to fund emergency services provided by, or on behalf of, a qualifying political subdivision.

(b) A qualifying political subdivision that imposes a tax under this section may:

(i) use money collected from the tax to fund emergency services within an area in which the tax is not imposed; and

(ii) enter into an agreement authorized by Title 11, Chapter 13, Interlocal Cooperation Act, allowing for another qualifying political subdivision to use money collected from the tax to fund emergency services.

(5) (a) Except as provided in Subsection (5)(b), a tax under this section shall be administered, collected, and enforced in accordance with the same procedures used to administer, collect, and enforce the tax under:

(i) (A) Part 1, Tax Collection; or

(B) Part 2, Local Sales and Use Tax Act; and

(ii) Chapter 1, General Taxation Policies.

(b) A tax under this section is not subject to Subsections [59-12-205\(2\)](#) through (5).

(c) A tax under this section shall be levied for a period of 10 years and may be reauthorized at the end of the 10-year period by the governing body that imposed the tax as provided in Subsection (1).

(d) Except as provided in Subsection (5)(e), the commission shall distribute the

revenue the commission collects from a tax imposed under this section directly to the qualifying political subdivision imposing the tax.

(e) The commission shall retain and deposit an administrative charge in accordance with Section 59-1-306 from the revenue the commission collects from a tax under this section.

Section 7. Section 59-12-2403 is enacted to read:

59-12-2403. Enactment, repeal, or change in the rate of an emergency services tax -- Annexation -- Notice.

(1) (a) Except as provided in Subsection (2), if a qualifying political subdivision enacts or repeals an emergency services tax or changes the rate of an emergency services tax, the enactment, repeal, or change shall take effect:

(i) on the first day of a calendar quarter; and

(ii) after a 90-day period beginning on the date the commission receives notice that meets the requirements of Subsection (1)(b) from the qualifying political subdivision.

(b) The notice described in Subsection (1)(a)(ii) shall state:

(i) that the qualifying political subdivision will enact, repeal, or change the rate of an emergency services tax;

(ii) the statutory authority for the emergency services tax;

(iii) the effective date of the enactment, repeal, or change in the rate of the emergency services tax; and

(iv) if the county enacts or changes the rate of the emergency services tax, the rate of the emergency services tax.

(2) (a) If the billing period for a transaction begins before the effective date of the enactment of an emergency services tax or the increase in the rate of an emergency services tax, the enactment of the tax or the tax rate increase shall take effect on the first day of the first billing period that begins after the effective date of the enactment of the tax or the tax rate increase.

(b) If the billing period for a transaction begins before the effective date of the repeal of an emergency services tax or the decrease in the rate of an emergency services tax, the repeal of the tax or the tax rate decrease shall take effect on the first day of the last billing period that began before the effective date of the repeal of the tax or the tax rate decrease.

(c) If a tax due under this part on a catalogue sale is computed on the basis of sales and

use tax rates published in the catalogue, an enactment, repeal, or change in the rate of a tax described in Subsection (1)(a) shall take effect:

(i) on the first day of a calendar quarter; and

(ii) beginning 60 days after the effective date of the enactment, repeal, or change in the rate of the tax under Subsection (1)(a).

(3) (a) Except as provided in Subsection (4), if an annexation will result in the enactment, repeal, or change in the rate of an emergency services tax for an annexing area, the enactment, repeal, or change shall take effect:

(i) on the first day of a calendar quarter; and

(ii) after a 90-day period beginning on the date the commission receives notice meeting the requirements of Subsection (3)(b) from the political subdivision that annexes the annexing area.

(b) The notice described in Subsection (3)(a)(ii) shall state:

(i) that the annexation described in Subsection (3)(a) will result in the enactment, repeal, or change in the rate of an emergency services tax for the annexing area;

(ii) the statutory authority for the emergency services tax;

(iii) the effective date of the enactment, repeal, or change in the rate of the emergency services tax; and

(iv) if the annexation results in the enactment or change in the rate of an emergency services tax for the annexing area, the rate of the emergency services tax.

(4) (a) If the billing period for a transaction begins before the effective date of the enactment of an emergency services tax or the increase in the rate of an emergency services tax, the enactment of the tax or the tax rate increase shall take effect on the first day of the first billing period that begins after the effective date of the enactment of the tax or the tax rate increase.

(b) If the billing period for a transaction begins before the effective date of the repeal of an emergency services tax or the decrease in the rate of an emergency services tax, the repeal of the tax or the tax rate decrease shall take effect on the first day of the last billing period that began before the effective date of the repeal of the tax or the tax rate decrease.

(c) If a tax due under this part on a catalogue sale is computed on the basis of sales and use tax rates published in the catalogue, an enactment, repeal, or change in the rate of a tax

described in Subsection (3)(a) shall take effect:

(i) on the first day of a calendar quarter; and

(ii) beginning 60 days after the effective date of the enactment, repeal, or change in the rate of the tax under Subsection (3)(a).

(5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, and for purposes of Subsections (2)(c) and (4)(c), the commission may by rule define the term "catalogue sale."

Section 8. Section **59-12-2404** is enacted to read:

59-12-2404. Seller or certified service provider reliance on commission information.

A seller or certified service provider is not liable for failing to collect an emergency services tax if the seller's or certified service provider's failure to collect the emergency services tax is as a result of the seller's or certified service provider's reliance on incorrect data provided by the commission in a database created by the commission:

(1) containing tax rates, boundaries, or local taxing jurisdiction assignments; or

(2) indicating the taxability of tangible personal property, a product transferred electronically, or a service.

Section 9. Section **59-12-2405** is enacted to read:

59-12-2405. Certified service provider or model 2 seller reliance on commission certified software.

(1) Except as provided in Subsection (2) and subject to Subsection (4), a certified service provider or model 2 seller is not liable for failing to collect an emergency services tax if:

(a) the certified service provider or model 2 seller relies on software the commission certifies; and

(b) the certified service provider's or model 2 seller's failure to collect an emergency services tax is a result of the seller's or certified service provider's reliance on incorrect data:

(i) provided by the commission; or

(ii) in the software the commission certifies.

(2) The relief from liability described in Subsection (1) does not apply if a certified service provider or model 2 seller incorrectly classifies an item or transaction into a product

category the commission certifies.

(3) If the taxability of a product category is incorrectly classified in software the commission certifies, the commission shall:

(a) notify a certified service provider or model 2 seller of the incorrect classification of the taxability of a product category in software the commission certifies; and

(b) state in the notice required by Subsection (3)(a) that the certified service provider or model 2 seller is liable for failing to collect the correct amount of tax under this part on the incorrectly classified product category if the certified service provider or model 2 seller fails to correct the taxability of the item or transaction within 10 days after the day on which the certified service provider or model 2 seller receives the notice.

(4) If a certified service provider or model 2 seller fails to correct the taxability of an item or transaction within 10 days after the day on which the certified service provider or model 2 seller receives the notice described in Subsection (3), the certified service provider or model 2 seller is liable for failing to collect the correct amount of tax under this part on the item or transaction.

Section 10. Section **59-12-2406** is enacted to read:

59-12-2406. Purchaser relief from liability.

(1) (a) Except as provided in Subsection (1)(b), a purchaser is relieved from a penalty under Section [59-1-401](#) for failure to pay an emergency services tax or an underpayment of the emergency services tax if:

(i) the purchaser's seller or certified service provider relies on incorrect data provided by the commission:

(A) on a tax rate;

(B) on a boundary;

(C) on a taxing jurisdiction; or

(D) in the taxability matrix the commission provides in accordance with the agreement;

or

(ii) the purchaser, regardless of whether the purchaser holds a direct payment permit in accordance with Section [59-12-107.1](#), relies on incorrect data provided by the commission:

(A) on a tax rate;

(B) on a boundary;

555 (C) on a taxing jurisdiction; or

556 (D) in the taxability matrix the commission provides in accordance with the agreement.

557 (b) For purposes of Subsection (1)(a), a purchaser is not relieved from a penalty under
558 Section 59-1-401 for failure to pay a tax due under this part or an underpayment if the
559 purchaser's, the purchaser's seller's, or the purchaser's certified service provider's reliance on
560 incorrect data provided by the commission is a result of conduct that is:

561 (i) fraudulent;

562 (ii) intentional; or

563 (iii) willful.

564 (2) In addition to the relief from a penalty described in Subsection (1), a purchaser is
565 not liable for a tax or interest under Section 59-1-402 for failure to pay a tax due under this part
566 or an underpayment if:

567 (a) the purchaser's seller or certified service provider relies on:

568 (i) incorrect data provided by the commission:

569 (A) on a tax rate;

570 (B) on a boundary; or

571 (C) on a taxing jurisdiction; or

572 (ii) an erroneous classification by the commission:

573 (A) in the taxability matrix the commission provides in accordance with the agreement;

574 and

575 (B) with respect to a term that is in the library of definitions and that is listed as taxable
576 or exempt, included in or excluded from "sales price," or included in or excluded from a
577 definition; or

578 (b) the purchaser, regardless of whether the purchaser holds a direct payment permit in
579 accordance with Section 59-12-107.1, relies on:

580 (i) incorrect data provided by the commission:

581 (A) on a tax rate;

582 (B) on a boundary; or

583 (C) on a taxing jurisdiction; or

584 (ii) an erroneous classification by the commission:

585 (A) in the taxability matrix the commission provides in accordance with the agreement;

586 and

587 (B) with respect to a term that is in the library of definitions and that is listed as taxable
588 or exempt, included in or excluded from "sales price," or included in or excluded from a
589 definition.

590 Section 11. **Effective date.**

591 If approved by two-thirds of all the members elected to each house, this bill takes effect
592 upon approval by the governor, or the day following the constitutional time limit of Utah
593 Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto,
594 the date of veto override with the exception of Section 59-12-801 (Effective 07/01/24) which
595 takes effect on July 1, 2024.